

## FHWA-FTA Fiscal Constraint Guidance Talking Points

The Fiscal Constraint Guidance is available at: <http://www.fhwa.dot.gov/planning/fcindex.htm>

- The guidance consists of:
  - An interim guidance document
  - The statutory and regulatory references to fiscal constraint
  - Fiscal constraint definitions
  - A series of Questions and Answers
  - Sample worksheets
- The guidance, in general, is consistent with current practices in California. Specifically, it supports the following practices:
  - If revenue estimates change, FHWA/FTA will not act on new or amended TIPs, STIP, or regional transportation plans unless they reflect the changed revenue situation.
  - FHWA/FTA will not approve new or amended TIPs, STIP, or regional transportation plans that are based on outdated or invalid cost estimates for projects or operations and maintenance.
  - Available funds may include an extrapolation based on historic authorizations of federal funds that are distributed by formula. For federal funds that are distributed on a discretionary basis (including FTA Section 5309, earmarks, and “demonstration funding”), any funding beyond that currently authorized and targeted to the area may be considered as reasonably available, if past history supports such funding levels.
  - Financial forecast approaches, assumptions, and results should be clear and well-documented.
- Areas that require increased emphasis/improvement:
  - Advance Construction (AC): Properly reflecting AC projects and their conversion to federal-aid funding in the TIPs and STIP
    - An AC project is essentially included in the TIP at two different times (1) when implemented as a State or locally funded project and (2) when converted to from AC to a Federal-aid project. .
    - FHWA does not expect the MPOs to update current TIPs, nor for Caltrans to update the current STIP, to address this item; however, we would expect it to be addressed with the development of the 2006 TIPs and STIP.
    - AC guidance is available at:  
<http://www.fhwa.dot.gov/innovativefinance/sc308510.htm>
  - Cost Estimates: Assure that project cost estimates are updated to reflect the latest available information. For example:
    - Right of Way (ROW) Costs: In an escalating real estate market, does the project’s estimated ROW cost reflect market increases?

- Consistency with other project documents: As project cost estimates are refined through PSR, PS&E, engineer's estimate, environmental documents, etc, is there consistency between these documents and the estimated costs reflected in the TIP and RTP?
- Operations and Maintenance: Developing financial plans for metropolitan long-range transportation plans that reflect "...the estimated costs of constructing, maintaining and operating the total (existing plus planned) transportation system" [23 CFR 450.322(b)(11)], including portions of the system owned and operated by local governments.
  - FHWA/FTA will work with the Caltrans, MPOs, and transit agencies to ensure that local system operations and maintenance information is developed for inclusion in future financial plans that support the STIP, TIPs, and metropolitan long-range transportation plans.
  - In the interim , it is acceptable for the TIP and RTP financial plans to reflect operation and maintenance costs for:
    - The portion of the transportation system for which the State is responsible for operating and maintaining, and
    - Those facilities (highways, including local streets and roads, and transit) that have received FHWA/FTA funding.